

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 7006

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E.O. 11652: N/A

TAGS: EAGR, MY

SUBJECT: MALAYSIAN CONCERN OVER POSSIBLE CHANGE IN US POSITION ON
PALM OIL

REFS: (A) KUALA LUMPUR 2526, (B) STATE 90617

1. SUMMARY: MFA CALLED IN ECONOMIC COUNSELOR TO EXPRESS
ITS CONCERN OVER POSSIBLE CHANGE IN POLICY BY NEW US ADMINIS-
TRATION ON IMPORTS OF PALM OIL INTO THE US. WE INFORMED MFA
OFFICIAL OF PRESENT STATUS RELEVANT BILLS IN CONGRESS AND OF
ADMINISTRATION WITNESSES' TESTIMONY IN OPPOSITION PER
REF B. MFA OFFICIAL EXPRESSED APPRECIATION FOR ADMINISTRATION'S
POSITION. MFA PROVIDED US AIDE-MEMOIRE EXPRESSING GOM CONCERN
THIS SUBJECT, TEXT OF WHICH TRANSMITTED THIS MESSAGE. EMBASSY
WOULD APPRECIATE EARLY RECEIPT FROM DEPARTMENT OF TEXT
RESPONDING TO GOM AIDE-MEMOIRE. END SUMMARY.

2. APPRECIATE TIMELY RESPONSE (REF B) TO OUR REQUEST FOR
STATUS OF LEGISLATION ON PALM OIL IMPORTS. IN RESPONSE TO
MFA REQUEST, ECONOMIC COUNSELOR CALLED ON MFA UNDERSECRETARY
(ECONOMICS) ISMAIL BIN BUDIN ON APRIL 22. ISMAIL EXPRESSED
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CONCERN OF GOM OVER BILLS IN US CONGRESS WHICH WOULD
PLACE LIMITATIONS ON IMPORTS OF PALM OIL INTO US.
HE ALSO CONVEYED GOM CONCERN THAT NEW US ADMINISTRATION'S
POSITION THIS SUBJECT MIGHT DIFFER FROM POSITION OF
PREVIOUS ADMINISTRATION. ECON COUNSELOR INFORMED ISMAIL
PER REF B OF PRESENT STATUS BILLS AND OF ADMINISTRATION
WITNESSES' TESTIMONY IN OPPOSITION TO LEGISLATION. ISMAIL

EXPRESSED APPRECIATION FOR ADMINISTRATION'S POSIBION
AND GAVE US AIDE-MEMOIRE DATED APRIL 20, TEXT OF WHICH
FOLLOWS: "AIDE-MEMOIRE

" POSSIBLE U.S. LEGISLATIVE MEASURES AGAINST PALM OIL IMPORTS
"THE MALAYSIAN GOVERNMENT LEARNS WITH CONCERN THAT THE
U.S. HOUSE COMMITTEE ON AGRICULTURE AND INTERNATIONAL
RELATIONS MAY IN THE NEAR FUTURE CONSIDER BILLS HR 1835
AND HR 1836 SUBMITTED BY CONGRESSMAN DAWSON MATHIS WHICH
SEEK RESPECTIVELY TO REQUIRE LABELLING OF IMPORTED
PALM OIL AND TO IMPOSE A 3 CENTS TAX PER POUND ON PALM
OIL IMPORTED INTO THE U.S. FOR EDIBLE PURPOSES. IT IS
FURTHER UNDERSTOOD THAT CONGRESSMAN MATHIS HAS ALSO
INTRODUCED HOUSE RESOLUTION NO. 109 RECOMMENDING TO THE
ADMINISTRATION TO STUDY THE IMPACT OF PALM OIL IMPORTS
ON U.S. DOMESTIC VEGETABLE OIL INDUSTRY AND, IF JUSTIFIABLE,
TO NEGOTIATE BILATERALLY OR MULTI-LATERALLY AGREEMENTS
WITH PALM OIL PRODUCERS FOR RESTRAINTS AGAINST EXCESSIVE
IMPORTS OF PALM OIL INTO THE UNITED STATES.

"2. WHILST THE MALAYSIAN GOVERNMENT NOTES WITH SATISFACTION
AND APPRECIATION THE POSITIVE VIEWS OF THE PREVIOUS U.S.
ADMINISTRATION IN FAVOR OF LIBERALIZATION OF WORLD TRADE
IN OILSEEDS AND OIL AS EXPRESSED IN ITS AIDE MEMOIRE OF
OCTOBER 1, 1976, THE MALAYSIAN GOVERNMENT NEVERTHELESS IS
CONCERNED ABOUT ANY POSSIBLE CHANGE IN POLICY IN THE
PRESENT U.S. ADMINISTRATION ESPECIALLY WITH THE REVIVAL
OF THE SUBMISSIONS BY CONGRESSMAN MATHIS AS INDICATED
ABOVE. THE MALAYSIAN GOVERNMENT WOULD THEREFORE LIKE
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TO REITERATE THE VIEWS IT HAD ALREADY EXPRESSED ON THE
MATTERS RAISED BY CONGRESSMAN MATHIS IN ITS EARLIER
REPRESENTATIONS MADE TO THE U.S. GOVERNMENT AND EXPRESSES
THE HOPE THAT U.S. POLICY REGARDING LIBERALIZATION OF
WORLD TRADE IN OILSEEDS AND OILS WOULD BE MAINTAINED.

3. THE 11TH SESSION OF THE FAO INTERGOVERNMENTAL GROUP
ON OILSEEDS, OILS AND FATS HALD IN ROME FROM 7 - 11
MARCH 1977 NOTES THAT OUTPUT OF EDIBLE/SOAP FATS AND OILS
IS LIKELY TO FALL BY SOME 2 PERCENT IN 1977 IN COMPARISON
TO OUTPUT IN 1976 AND AMONGST OTHER RECOMMENDATIONS
HAS CALLED UPON GOVERNMENTS TO AVOID THE IMPOSITION OF
ALL NEW MEASURES WHICH COULD LIMIT THE IMPORT AND
CONSUMPTION OF VEGETABLE OILS AND MEALS, TAKING PARTICULAR
ACCOUNT OF THE INTERESTS OF DEVELOPING COUNTRIES."

3. WE ARE UNAWARE OF HOUSE RESOLUTION 109 REFERRED TO
PARA 1 OF AIDE-MEMOIRE.

4. COMMENT: PALM OIL, OF COURSE, IS OF MAJORE IMPORTANCE
TO MALAYSIA, WHICH IS WORLD'S LARGEST EXPORTER. WE
SHOULD THEREFORE RESPOND TO AIDE-MEMOIRE. EMBASSY
WOULD APPRECIATE EARLY RECEIPT FROM DEPARTMENT OF
TEXT FOR TRANSMITTAL TO GOM.
UNDERHILL

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Message Attributes

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